

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 XMB-02 INT-05 AID-05 EB-08 COME-00
TRSE-00 OMB-01 STR-07 DOTE-00 CIAE-00 INR-10
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P R 131420Z JUN 78
FM AMEMBASSY MAPUTO
TO SECSTATE WASHDC PRIORITY 7090
INFO AMEMBASSY DAR ES SALAAM
AMEMBASSY LUSAKA
AMEMBASSY PRETORIA
AMCONSUL DURBAN
AMEMBASSY MBABANE
AMCONSUL JOHANNESBURG
AMCONSUL CAPE TOWN

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CAPE TOWN FOR EMBASSY

DEPT ALSO PASS EXIMBANK

E.O.11652: N/A
TAGS: ELTN, EWWT, ECON, MZ, SF
SUBJECT: MOZAMBIQUE SOUTH AFRICA PORT AND CARGO AGREEMENT

1. SUMMARY: MOZAMBIQUE AND SOUTH AFRICA ARE RELIABLY REPORTED
TO HAVE SIGNED AN AGREEMENT DOUBLING SOUTH AFRICAN CARGO AT
THE PORT OF MAPUTO BY 1985 AND GUARANTEEING SOUTH AFRICA USE
OF MOZAMBIQUE PORT AND RAIL FACILITIES. END SUMMARY.

2. A HIGH OFFICIAL OF SOUTH AFRICAN RAILWAYS (NAME UNKNOWN)
ARRIVED IN MAPUTO JUNE 11 FOR THE PURPOSE OF SIGNING A SEVEN
YEAR RAIL AND PORT AGREEMENT WITH THE MOZAMBIQUE GOVERNMENT.
THE TERMS REPORTED TO EMBASSY BY MOZAMBIQUE RAILWAYS (CFM)
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OFFICIALS CALL FOR DOUBLING THE TONNAGE OF SOUTH AFRICA EX-
PORTS TRANSITING THE PORT OF MAPUTO BY 1985. IN 1977 THIS
AMMOUNTED TO SIX MILLION TONS, MORE THAN HALF OF THE PORT'S
TOTAL TONNAGE.

3. IN RETURN MOZAMBIQUE PLEDGED TO UPGRADE MAPUTO RAIL
AND PORT FACILITIES AND GUARANTEE SOUTH AFRICAN TRADE UN-

HINDER ACCESS TO MAPUTO. MOZAMBIQUE WILL BORROW THREE SAR LOCOMOTIVES FOR IMMEDIATE USE, UNTIL THE 25 NEWLY ORDERED GE LOCOMOTIVES ARRIVE (MAPUTO 717) PURCHASE 24 SHUNTING LOCOMOTIVES (MAPUTO 685) BUY AMERICAN AND BULGARIAN FORT LIFTS (MAPUTO 698) AND BUILD A SECOND COAL-LOADING FACILITY.

4. COMMENT: RAIL AND PORT AGREEMENT HAS BEEN RUMORED FOR SOME TIME AS ONE OUTCOME OF THE MARCH MEETING IN MAPUTO WHICH PRECEDED THE REVALUATION OF GOLD PAID MOZAMBIQUE FOR LABOR IN SOUTH AFRICAN MINES. (MAPUTO 390) THE GUARANTEE OF INCREASED SOUTH AFRICAN CARGOES COULD MEAN AN ADDITIONAL DOLS 20 MILLION ANNUALLY IN FOREIGN EXCHANGE EARNINGS BY 1985 (EMBASSY ESTIMATE).

5. THE MAIN SOURCE OF INCREASED TONNAGE WILL BE A NEW COAL MINE OPENING IN THE TRANSVAAL, WHOSE EXPORTS WILL ALL TRANSIT MAPUTO. EVENTUAL ANNUAL OUTPUT IS FORESEEN AS SIX MILLION TONS. IN ADDITIONAL, SOUTH AFRICAN RAILWAYS WILL CONTINUE TO PRESSURE EXPORTERS TO USE MAPUTO.

6. MOZAMBIQUE DESPERATELY NEEDS THE INCOME COMING FROM THE TRANSIT TRADE, WHICH CONSTITUTES ABOUT A QUARTER OF ITS FOREIGN EXCHANGE EARNINGS. MAPUTO IS THE MOST CONVENIENT PORT FOR THE TRANSVAAL, BUT DETERIORATION OF MAPUTO PORT AND RAIL CONDITIONS HAVE CAUSED SOUTH AFRICAN BUSINESS TO LOOK TO DURBAN AND THE NEW PORT OF RICHARDS BAY. PORT AND RAIL MODERNIZATION AND GUARANTEED LIMITED OFFICIAL USE

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TRAFFIC TO MAPUTO ARE ESSENTIAL FOR THE MOZAMBIQUE ECONOMY.

7. SOUTH AFRICA GAINS A GUARANTEED PORT FOR ITS TRADE. BUT MORE IMPORTANTLY THE AGREEMENT ENVISIONS THAT MOZAMBIQUE WILL REMAIN ECONOMICALLY TIED TO SOUTH AFRICA FOR THE NEXT SEVEN YEARS THE GPRM PRIVATELY ACKNOWLEDGES MOZAMBIQUE DEPENDENCE ON ITS POWERFUL NEIGHBOR, DEPENDENCE INTENSIFIED SINCE RELATIONS WITH RHODESIA WERE SEVERED IN 1976. BUT POLITICAL AND IDEOLOGICAL DIFFERENCES MAKE THE FUTURE COURSE OF BILATERAL RELATIONS UNCERTAIN AND THERE HAS BEEN SPECULATION THAT ONCE AN ACCEPTABLE REGIME IS ESTABLISHED IN ZIMBABWE MOZAMBIQUE MIGHT TRY TO BREAK BONDS WITH PRETORIA.
DE PREE

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